Restaurant
& Catering

MEDIA RELEASE
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IMMEDIATE

Restaurants crippled by wage explosion

The Restaurant & Catering Industry Association has today released industry benchmarking data that shows restaurants and caterers spend 44c of every dollar earned on wages and salaries.

In a survey of members designed to establish industry norms, the Association has found that staffing costs are the greatest barrier to business development. Costs of wages (including on-costs) have grown from 35.7% to 44% of turnover in the past five years.

The Association contends that the increase is a result of both wage pressure, brought about by skills shortages and industrial relations reforms that have seen significant increases in wage levels in the industry.

Restaurant & Catering CEO, John Hart suggested that 'these increases in wage costs are not sustainable when a very large number of businesses are making very slim margins'. 'Restaurant, café and catering businesses have lost any flexibility in their employment practices and now have very few options but to cut hours or reduce staff numbers to stay afloat'.

Other data contained in the report includes:

- 85% of businesses are licensed (compared to 59% in 2005);
- Around half of restaurant, cafes and catering businesses are companies (with 18% operating as trusts and 23.5% Sole Traders);
- Only 6% of businesses are franchised
- 25% of respondents turned over between $5 and $10 Million – continuing the trend toward consolidate in the industry.

The industry is calling on policy makers to reduce non-wage labour costs (rather than increasing the through increases in the superannuation guarantee levy) in an attempt to keep the industry sustainable.

For further information on this media release please contact:

John Hart, Chief Executive Officer – Restaurant & Catering

P: 02 9966 0055 or 0407 554 878 E: jhart@restaurantcater.asn.au